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FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5879
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHBJ/AMEMBASSY BEIJING 4225
RUEHBY/AMEMBASSY CANBERRA 1026
RUEHPU/AMEMBASSY PORT AU PRINCE 0026
RUEHPB/AMEMBASSY PORT MORESBY 3402
RUEHKO/AMEMBASSY TOKYO 0682
RUEHWL/AMEMBASSY WELLINGTON 1666
RUEHHM/AMCONSUL HO CHI MINH CITY 0209
RHEHNSC/NSC WASHDC
RUEAIIA/CIA WASHDC
RUEKJCS/SECDEF WASHDC
RHHJJPI/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 002298

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E.O. 12958: DECL: 08/21/2017

TAGS: PGOV ECON KDEM KISL EAID ID

SUBJECT: TORQUING UP PRESSURE ON GOI, LEGISLATURE EMBRACES
MUD FLOW WATCHDOG ROLE

REF: A. JAKARTA 2248

B. JAKARTA 2186

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Classified By: Pol/C Joseph Legend Novak for reasons 1.4(b,d).

¶1. (C) Summary: The Indonesian House of Representatives (DPR) has created an oversight body to monitor the reconstruction and rehabilitation of affected areas, as well as the disbursement of compensation to victims of the East Java mudflow. A move by the DPR to query formally the President over the mudflow disaster has been delayed for three months. The DPR is clearly growing increasingly frustrated and is intent on ramping up the pressure on the Yudhoyono administration over this matter. End Summary.

¶2. (U) On August 20, the DPR announced the formation of a 50-member watchdog group designed to monitor the disbursement of state funds allocated for Sidoarjo mud-flow related reconstruction (Ref B). The group will also track the flow of compensation to mud-flow victims funded by the PT Lapindo Bras Corporation. (Note: Lapindo is widely blamed for initiating the mud flow, which has displaced thousands and continues to wreak environmental and economic havoc. End Note).

¶3. (U) Meanwhile, on August 21, the DPR agreed to postpone any decision on whether to query the President on the Lapindo issue through a formal call for interpellation. The DPR agreed that the GOI's efforts should be evaluated during the next three months before a decision on interpellation would be made. (Note: Interpellation is a Constitutionally-sanctioned demand that the President appear before the DPR to answer questions. The President's office has effectively been able to short-circuit prior DPR demands that President Yudhoyono personally appear, including over the GOI's vote in favor of UNSCR 1747 regarding Iran's nuclear program. End Note).

¶4. (U) In his 2008 state budget, President Yudhoyono

earmarked approximately \$125 million to help repair infrastructure in East Java. The President only recently decided to allocate funding for mud-flow related reconstruction and repair after PT Lapindo Bras demonstrated that it would not be able to absorb the costs on its own. Previously, the President had insisted Lapindo bear all of the costs associated with the disaster.

¶15. (C) In remarks to the media, DPR Deputy Speaker Muhamimin Iskandar announced the new DPR oversight body would "monitor everything and report both to the House leadership and the President." He emphasized that the group would be charged with ensuring the money "went to the right people," and certifying that the Sidoarjo Mudflow Mitigation Board was run well. Alvin Lie, M.P. of the National Mandate Party, told POL/C that the standing committee would be comprised of "approximately 50 people," and would help ensure the equitable distribution of both the reconstruction and compensation funding pools. Lie confirmed that he would be a member of the body, adding that he had noticed "a huge frustration in the DPR that more was not being done for the victims" in Sidoarjo.

¶16. (C) As the GOI continues to grapple with the economic and political implications of the mud-flow disaster, this latest move by the DPR constitutes only the most recent manifestation of the legislature's increasingly active approach on the issue. According to Golkar parliamentarian Yuddy Chrisnandi, one of the President's foremost critics on the mud-flow disaster, the President would have only three months to demonstrate real progress on the issue before the DPR would be forced to contemplate more seriously a politically charged interpellation maneuver. Embassy contacts agree that any effort to initiate a call for interpellation on the Lapindo issue would likely trigger a political battle that would dwarf the Iran interpellation struggle from earlier this year.

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